Three levers to help gain value and efficiency from your accounting function

Leveraging tech to streamline accounting and deliver more value to the enterprise

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Economic forces are pushing companies to find efficiencies while still delivering value across all functions, including accounting. Having your books in order and unlocking the power of your data can help your organization streamline processes without sacrificing business goals. And strong bookkeeping practices can set you up to find innovative ways to use the data from the past — and present — to help make a positive impact on your organization's fiscal future.

The accounting function is positioned to help you chart that path to more value. But inefficient accounting processes and dated systems can cause errors that can cost you time and money.

Setting the bar with timely reporting is key. Your management team counts on accounting to provide accurate numbers quickly. If your accounting isn't kept current, you won't have the figures you need to help them make sound financial decisions, and decisions based on incorrect data can be costly.

Tight timelines matter: The biggest companies in the world execute a five- to seven-day close of their books monthly. Industry-leading companies close and report globally in around 10 days.

And international public companies generally close quarterly in just seven business days, despite the added complexity.

If global organizations that are complex and far reaching can close their books in a timely manner, businesses of all sizes should be able to as well. And most important, if you can live up to the benchmark set by these global organizations, you can also enable your team to pull critical levers that can help you scale and add value to your business.

Three levers you can pull to add more value

Industry-leading companies focus on their customers first. They understand deeply what is important to their customers and identify their needs and problems they can solve. When they focus on meeting those needs and solving those problems, they create value for their customers and their stakeholders. If they lose sight of their customer's needs, they often quickly cease to deliver value and fade to irrelevance.

Shifting your mindset from numbers and reconciliations to customer needs enables you to transform from cost center to value creator. Identify who your finance function's customers are — there might be more than you think. Then figure out what you have in your accounting function or finance department that can deliver value to those customers. You have historical, numbers-based financial data. But what other value can you unlock?

Accounting has access to payroll figures, asset listings, financial forecasts and more. How can your department's customers benefit from that information? Can they benefit from real-time information, insight into an opaque process, or an understanding of budget to actuals? You have three main value levers: cost, speed and data. Let's unpack how the accounting function can pull each of these levers to drive value.

Three value-delivering levers

Cost | Dollars and efficiency

- Can you reduce headcount or overhead?
- Can you reduce spending on office supplies or technology?
- Can automation play a role?

Speed | Faster decision making

- How can you provide actionable information to stakeholders faster?
- How close can you get to real-time, and reduce bottlenecks and waiting?
- How can automating processes and investing in the right tools help you reclaim time?

Data | Powerful insight

- What information does the business need?
- What data do you have access to?
- What tools do you need to analyze the data?

1 | Cost - Getting the most from your spend

Cost tends to be top of mind, so it's usually the first value lever organizations consider. It's a simple math equation: if we give the same output for less cost, we'll create more value. But when we think of how businesses typically go about reducing and restructuring costs, the low-hanging fruit tends to be slashing overhead expenses and drastically cutting staff. And this often has the opposite effect in terms of its impact on your remaining staff and the cost of rehiring.

In practice, workforce cost reduction may come at a higher cost than what appears on paper. Decisions to cut people costs must be weighed with the long-term workforce implications. Such cost cutting efforts have an impact on the organization's talent management, brand and employee value proposition. Still, when we asked CEOs about their current workforce strategy, 60% said they're not planning to reduce their workforce, though they are looking for ways to cut costs and spur growth.

It can be easy to target an arbitrary number when making drastic cuts to your employee population, departments, budgets and overhead. The hard part is taking that next step and figuring out where those cuts are going to come from. You might have competent, dedicated staff, but that in itself is not enough. You need to know who creates the most value so you can increase staff time.

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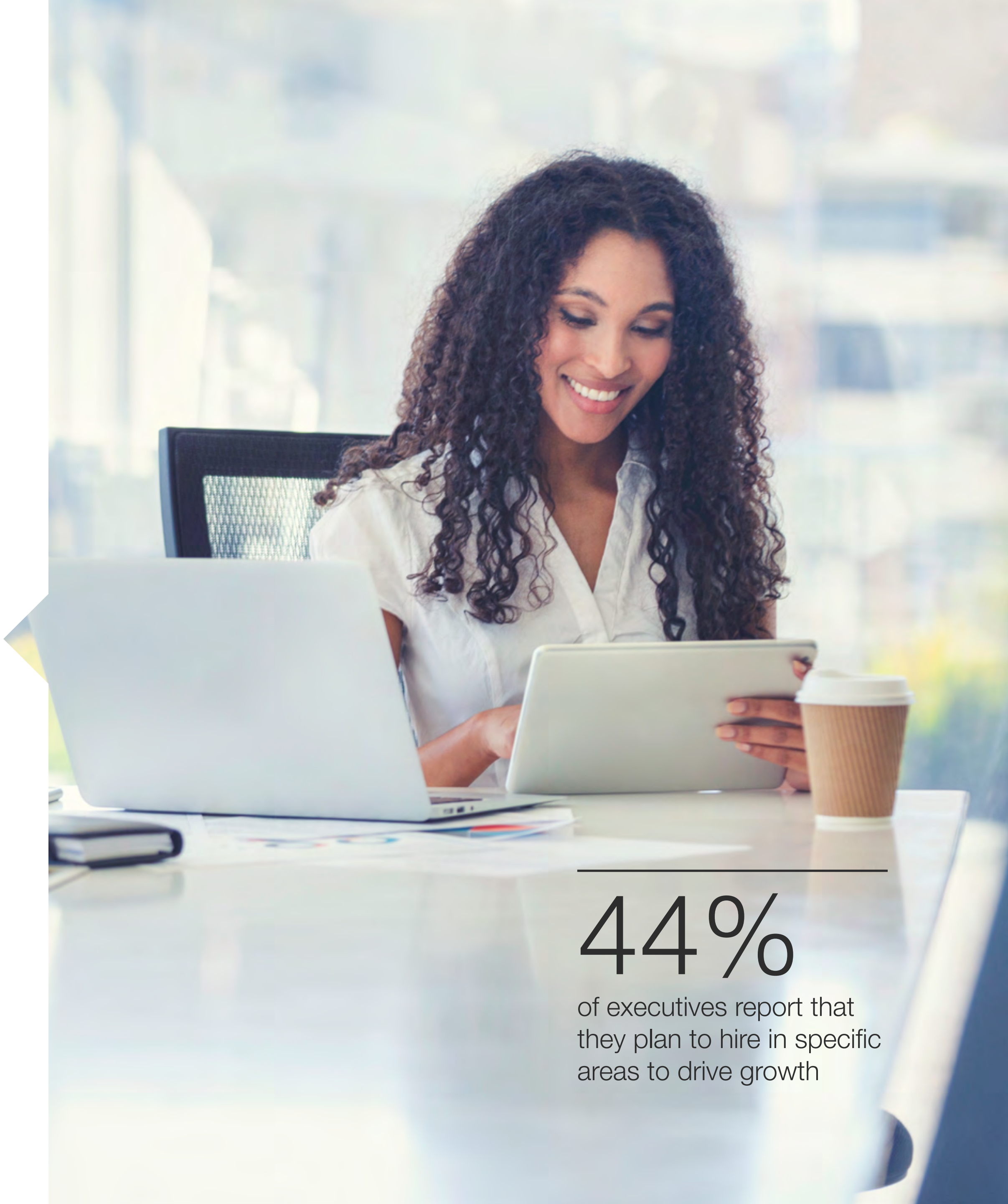
To cut costs effectively, you should first understand the nature and value of activities being performed. You can then evaluate if there are more efficient ways to help reach the same outcome rather than slashing headcount. And this can help you balance cost cutting with growth. In fact, 44% of executives report that they plan to hire in specific areas to drive growth. To do this and get the most from your spend, you have to manage your business wisely.

Timely bookkeeping and financial reports are key to smart management. And timely insights can save you from making costly mistakes. Accurate and up-to-date financial information can show you which areas of your business are the most profitable and which direction your business is trending. Robust bookkeeping and reporting can even boost your profit margin.

When you choose a tech-enabled solution for your bookkeeping, you help set your company up for success. Automated bookkeeping helps eliminate errors, which can help reduce the amount of time spent reviewing and correcting financials. And you help free up staff time for other value-add tasks that involve creativity and strategic thinking.



2 | Speed - Getting information to people when they need it

Accountants and bookkeepers sit in a unique position within a business. You have a connection with and a view into your business processes. You can see where overlaps and misses occur, where to eliminate redundancies and reduce bottlenecks — and where to add value across the board.

But because accounting and bookkeeping are typically rearward facing, you're always getting information to people after they could've really benefited from it. By the time they get the numbers, it's already in the past; it's no longer relevant and they're doing different things. They can't make good business decisions based on these numbers. If it's important to them 15, 30, 60 or 90 days after the fact, imagine what they could do if they had that information as close as possible to real time.

Many companies are implementing a shorter strategic planning cycle to address disruptive changes. In the coming 12 to 18 months, 47% of executives say they're making changes based on current business conditions — an increase of six percentage points since our August 2021 survey.

When you need to act fast, you need financials at your fingertips. A leading bookkeeping practice is to keep your accounts up to date every day of the month. Closing your books daily is like having a snapshot of every single action possible on a certain day — that same day. And having this real time information can help inform decision making and enable you to respond quickly to information requests — with confidence in your data.

Can you speed up your processes through automation or some other tool? And if you can't fully automate it, can you reallocate resources to get that speed as close to real time as possible?

3 | Data - Getting timely, accurate and powerful insights

You need reliable accounting data to grow, forecast cash flow and identify operational challenges before they can cost you time and money. Without accurate accounting information, your management team can't make the right decisions for your organization's long-term financial health. Bad data could lead to bad decision making or inaccurate reporting.

How are you using your data across all your stakeholders to help drive and deliver value?

Develop better data habits. Bookkeeping may not be the most exciting part of your company's operations. But good financial data and efficient accounts are the linchpins you need to help confirm that the important work of your business can continue without a hitch. This data can help you identify problems in time to take preventive action. That could mean identifying the characteristics of profitable accounts or reallocating staff. You might even be able to spot trends that could save your company from disruptions like drastic cuts.

Using an outsourced solution for bookkeeping, accounting and business intelligence can help facilitate more efficient data analysis. With accurate and timely data, you can see a true picture of your organization's financial health. And that can help you to make the right strategic decisions for your business.

Technology leadership, accounting and bookkeeping as value drivers

If accounting is the hub that keeps things moving, automation can help keep it moving forward. The CFO's role has always ranged from fiduciary to visionary, but now more than ever CFOs are charting a path for growth amid today's economic turbulence. The entire business now looks to the finance team and accounting for direction. Having the right tools to facilitate agile, data-driven decisions is critical during turbulent times.

The role of the chief financial officer (CFO) and the finance function is changing. It's no longer just finance; it touches every area in a business. In some sectors, it's changing faster than it is in others, but this lens is becoming more strategically-focused, more value-focused and more future-focused. And more data-driven.

Finance leaders tell us time and again that forecasting is crucial to their success. To help drive strategic, integrated business collaboration and navigate economic uncertainty 47% of CFOs say their top priority is building predictive models and scenario analysis capabilities; 85% say that they're focusing their business strategy on growth. They need — and expect — the timely, accurate, error free insights from data to do this. And they need this data faster and with more frequency than ever before. These capabilities are even more critical — and more challenging — to get right in these unpredictable economic times.

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Your accounting function enables your value-driving decisions. Whether you're making routine decisions like staff allocations or more strategic choices around business expansion, you need an accounting platform you can rely on. If you're not thinking about the value you can create and the different levers you can pull in the accounting space, you risk being left behind. It's time to give your accounting function another look.

Every company already has some sort of bookkeeping solution in place, and you might be operating on the assumption that your legacy accounting systems save you money. But the opposite just might be true. With an automated platform, you can increase the efficiency of your existing staff so they can focus their efforts more productively. And adopting an automated solution with the functionality, reporting and integration that your company needs can help your accounting to become a core driver of value and growth.

Bookkeeping Connect

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How we can help

Timely, accurate bookkeeping and accounting is the foundation for trustworthy data that can drive better decisions — faster.

Bookkeeping Connect, a PwC product, brings together industry-leading technology and experienced PwC professionals to help automate processes and simplify workflows so you can focus on your business.

And we work well with others. Bookkeeping Connect integrates with the financial tools you use every day like your enterprise resource planning (ERP) system. Additionally, PwC UK's collaboration with Sage helps enable small and midsize business (SMB) customers around the world to combine cutting edge technology with support from a leading professional services firm that has a 170-year history. This combination of software and business support offers powerful capabilities to the SMB market.

Streamline your business processes, get real-time insights into every aspect of your company's performance and discover new ways to improve. Make data-driven decisions with confidence and with up-to-date books that close at the same time — month after month. We'd love to show you how Bookkeeping Connect works.

Connect with us to learn more!

Contact us